

Message Text

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ACTION EUR-12

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E.O. 11652: N/A

TAGS: ECON, UR

SUBJECT: COUNCIL OF MINISTERS MEETING TO DISCUSS FIRST QUARTER
PLAN RESULTS

REF: MOSCOW 5523

1. APRIL 24 PRAVDA REPORTS MEETING OF COUNCIL OF MINISTERS,
PRESIDED OVER BY KOSYGIN, HELD PREVIOUS DAY. SPEECH BY
KOSYGIN APPARENTLY CONTAINED SHARP CRITICISM OF INDUSTRIAL
MINISTRIES AND CONSTRUCTION ORGANIZATIONS FOR LACKADAISICAL
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PERFORMANCE DURING FIRST QUARTER (SEE REFTEL). ARTICLE ALSO

CONTAINS TWO STATISTICS NOT PUBLISHED IN EARLIER CENTRAL STATISTICAL ADMINISTRATION QUARTERLY REPORT: AVERAGE MONTHLY WAGE FOR WORKERS ROSE BY 3.4 PERCENT (PRESUMABLY ON ANNUAL BASIS), AND 6.5 MILLION SQUARE METERS OF HOUSING SPACE WERE COMPLETED DURING PERIOD.

2. SHORTCOMINGS FOR WHICH ECONOMIC ORGANIZATIONS WERE SUBJECTED TO CRITICISM IN KOSYGIN SPEECH INCLUDED: INEFFICIENT UTILIZATION OF PRODUCTIVE CAPACITIES (WITH RESULTANT SLOWDOWN OF GROWTH IN PRODUCTION OUTPUT); UNDERFULFILLMENT OF PLAN GOALS FOR COMPLETING NEW CONSTRUCTION; DELAYS IN ASSIMILATION OF NEW TECHNOLOGY; AND INSUFFICIENT ATTENTION TO ASSORTMENT AND QUALITY OF PRODUCTION.

3. COUNCIL OF MINISTERS DEMANDED (POTREBOVAL) THAT MINISTRIES AND ORGANIZATIONS, "BEING GUIDED BY THE DECISIONS OF THE APRIL, 1975, CPSU PLENUM," ANALYZE RESULTS OF FIRST QUARTER PERFORMANCE AND FOCUS ATTENTION OF SUBORDINATE ENTERPRISES ON FULFILLMENT AND OVERFULFILLMENT OF ANNUAL PLAN GOALS. ATTENTION OF ECONOMIC ORGANIZATIONS WAS ALSO DIRECTED BY COUNCIL OF MINISTERS TO ATTAINING "SUBSTANTIAL IMPROVEMENT" IN CAPITAL CONSTRUCTION, ESPECIALLY IN COMPLETING AND BRINGING ON STREAM PRODUCTION CAPACITIES IN NEW ENTERPRISES. FURTHER, MINISTRIES WERE INSTRUCTED TO BRING UNDER "PARTICULAR CONTROL" FULFILLMENT OF PLAN GOALS FOR PRODUCTION AND DELIVERY TO AGRICULTURAL SECTOR OF TRACTORS, COMBINES, OTHER AGRICULTURAL MACHINERY, SPARE PARTS, FERTILIZERS, AND FUELS IN ORDER TO ASSURE SUCCESSFUL HARVEST THIS YEAR. FINALLY, DIRECTIVE WAS ISSUED FOR MINISTRIES TO UNDERTAKE "ADDITIONAL MEASURES" FOR ASSURING FULFILLMENT OF TARGETS IN PRODUCTION OF CONSUMER GOODS.

4. COMMENT TONE OF PRAVDA ARTICLE LEAVES LITTLE DOUBT THAT KOSYGIN AND COLLEAGUES ARE UNHAPPY WITH ECONOMY'S PERFORMANCE IN FIRST QUARTER OF "CONCLUSIVE YEAR" OF NINTH FIVE YEAR PLAN. AS POINTED OUT IN PARA. 5 OF REFTEL, PRODUCTION OF MANY KEY COMMODITIES WILL HAVE TO STEP UP AS YEAR PROGRSSSES IN ORDER TO MEET EVEN REDUCED TARGETS FOR YEAR SET LAST DECEMBER. FULLER USE OF EXISTING CAPACITIES AND RAW MATERIALS AND MORE TIMELY COMPLETION OF CONSTRUCTION PROJECTS APPARENTLY REMAIN FOCAL POINTS OF PARTY CONCERN OVER LETHARGIC ECONOMIC PERFORMANCE, AS LIMITED OFFICIAL USE

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IS IMPLIED BY REFERENCE TO ECONOMIC DECISIONS TAKEN AT RECENT PLENUM. BAREST POSSIBLE REFERENCE TO ECONOMIC TOPICS WAS MADE IN SOVIET PRESS AT TIME OF PLENUM, AND IT IS MOST UNLIKELY THAT THIS WAS FATEFUL "ECONOMIC PLENUM" WHICH HAS LONG BEEN RUMORED TO BE IN THE WORKS. NONETHELESS, THE INESCAPABLE FACT IS THAT LONG-STANDING HIGH-LEVEL DISSATISFACTION WITH ECONOMIC PERFORMANCE HAS NOT BEEN ASSURAGED BY REPORTS ON 1975 FIRST QUARTER ACHIEVEMENTS.

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